



H.M. TREASURY

POST OFFICE

Committee on the Pay of Postmen

REPORT



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1964

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TREASURY MINUTE DATED 28th APRIL, 1964

The Chancellor of the Exchequer states to the Board that he and the Postmaster General propose to appoint a Committee to rule on the proper interpretation of paragraph 664 of the Report of the Royal Commission on the Civil Service 1953-55 in so far as it relates to the pay of postmen.

The Chancellor and the Postmaster General further propose that the Committee should be constituted as follows :—

A. L. Armitage, Esq. (*Chairman*)

Sir Andrew Crichton

Victor Feather, Esq., C.B.E.

Sir Willis Jackson, F.R.S.

The Baroness Wootton of Abinger

with Mr. R. T. Armstrong of the Treasury and Mr. D. Pearman of the Post Office as Secretaries.

My Lords concur.

CONTENTS

	<i>Paragraph</i>	<i>Page</i>
Introduction	1	1
Chapter I. The views and conclusions of the Royal Commission	5	4
Chapter II. The application of fair comparison: the evidence	16	9
Chapter III. Our ruling upon the interpretation of paragraph 664	41	18
Chapter IV. Comments on the application of fair comparison to postmen	50	21
Chapter V. Conclusion	60	24
Appendix. Extracts from Pay Research Unit Surveys No. 2 and No. 68		26

REPORT OF THE COMMITTEE ON THE PAY OF POSTMEN

TO: THE CHANCELLOR OF THE EXCHEQUER
THE POSTMASTER GENERAL

On your proposal we were appointed by Treasury Minute dated 28th April 1964 to rule on the proper interpretation of paragraph 664 of the Report of the Royal Commission on the Civil Service 1953-55 in so far as it relates to the pay of postmen.

2. We have held five meetings, at two of which we heard oral evidence from the Union of Post Office Workers (represented by Mr. Ron Smith, Mr. L. V. Andrews, Mr. D. L. Brown, Mr. T. Jackson, Mr. L. F. B. Morgan and Mr. E. R. Hardcastle), the Treasury (represented by Mr. J. J. S. Shaw and Mrs. M. E. Hedley-Miller) and the Post Office (represented by Mr. H. A. Daniels and Mr. R. J. Broadbent).

3. At our request each of the parties had furnished us with a written statement of evidence before we came to hear their oral evidence. Copies of all these statements were made available to all the parties, representatives of all the parties were present throughout our hearings of oral evidence, and copies of verbatim transcripts of the oral hearings were made available to all the parties. We wish to record our appreciation of and gratitude for the speed with which the parties prepared and made available their written statements, the comprehensive nature of those statements, and the willing and complete co-operation of all the parties in discussing these statements with us and answering our questions in the sessions of oral evidence. As a result we can say with confidence that we have been supplied with all the information and expressions of view which we needed to form our conclusions upon the matter referred to us.

4. In a later chapter we attempt to summarise the main themes put to us in evidence by all the parties, in so far as they relate to the matter upon which we are required to rule. The complete record* of our evidence is to be printed and published by Her Majesty's Stationery Office.



* Save for four of the supplementary documents handed in during the course of the oral evidence, which we are treating as confidential because they consist of or are closely based on material available to the Civil Service Pay Research Unit and included in a pay research survey report on the understanding that it would not be published.

CHAPTER I

THE VIEWS AND CONCLUSIONS OF THE ROYAL COMMISSION

5. The evidence which we heard and the conclusions which we reached emerge from and must be seen against the background of the Report of the Royal Commission on the Civil Service 1953-55 (Cmd. 9613), on the interpretation of a particular paragraph of which (in so far as it relates to the pay of postmen) we were asked to rule. In this chapter, therefore, we set out the main conclusions of the Report which seem to us to be directly relevant to our inquiry.

6. It seemed to the Royal Commission desirable that there should be one set of principles of pay for the whole of that group of civil servants within the ambit of the National Whitley Council (commonly defined as the "non-industrial" civil service), which includes postmen and postmen higher grade. To quote directly from their Report on this :

This is because it is a unity in that its several parts share a common purpose, admittedly of a very general character, and are linked by a sense of belonging to and forming part of one branch of the public service. But this is not to say that there can be one short formula that can by itself solve all wage and salary problems throughout the Service. We agree with those of our witnesses who regarded this as impracticable and we think that the Association of First Division Civil Servants were near the mark in their view that principles amount to a series of propositions to which varying degrees of emphasis need to be given according to the circumstances of each class. We prefer to say that such propositions can be taken together and legitimately called principles of pay for the whole Service. (para. 87).

7. The end to be achieved by these principles was defined as "the maintenance of a Civil Service recognised as efficient and staffed by members whose remuneration and conditions of service are thought fair both by themselves and by the community they serve". This the Commission regarded as the ideal, which could, in a world of legitimately differing interests, never be absolutely achieved, but which should always be the aim to be approached as closely as possible (para. 95).

8. In paragraph 96 they continued :

We have used the term "fairly remunerated". We think that this means that the interests of the community in general, of those responsible for administering the Civil Service and of the individual civil servants themselves should be kept in balance. The community must feel that it is getting an efficient service and that it is not being asked to pay an excessive price for it. Heads of Departments must have sufficient suitably qualified staff to carry out the tasks demanded of them. The individual civil servant must feel that his remuneration is not unreasonable. It is difficult and perhaps unnecessary to define this tripartite relationship of fairness more closely. We think that a correct balance will be achieved only if the primary principle of civil service pay is fair comparison with the current remuneration of outside staffs employed on broadly comparable work, taking account of differences in other conditions of service.

9. They recognised that there was a secondary principle of "internal relativities": that in certain circumstances considerations of relativities between classes and grades within the Service would rightly be used to supplement fair comparison, and might even on occasion be the first consideration. We do not deal further with this secondary principle, since it has proved to be relevant to our inquiry only to the extent that the pay of postmen higher grade has been settled by reference to the pay of postmen. It is generally accepted that internal relativities cannot be used to supplement fair comparison in determining the pay of postmen, since there is in effect no other class or grade within the non-industrial Civil Service to which postmen could sensibly be related.

10. The Royal Commission were invited by certain of their witnesses to consider that a fair relativity between the Civil Service and outside employment should be maintained by looking at general trends in wages or salaries over a period. Commenting on these suggestions the Royal Commission said:

131. The Treasury said that "no civil servant has an automatic right to the maintenance of the real value of his salary if that is not the experience of other employees", and that "an automatic and uniform increase for all civil service salaries in the light of average movements over the economy as a whole—even if they can be satisfactorily quantified—will not only freeze existing inservice relativities but also distort proper relativities between civil servants and comparable employees in other employments". They also suggested that any comparison of past trends was likely to be seriously misleading if it related to salary earnings, or to earnings from fees, or to employments which were not properly comparable. They contended that any method of comparison was likely (though not certain) to be misleading which

- (i) relied on movements of any kind as distinct from current levels of remuneration;
- (ii) relied on earnings as distinct from rates;
- (iii) relied on what had happened in a group differently constituted from the group whose pay was in question;
- (iv) relied on averages per head.

132. We consider that these contentions are soundly based. There seem to us to be two questions involved. The first question is whether, assuming that adequate outside material on current rates was available for all or most civil service classes, it would nevertheless still be preferable to adjust civil service salaries by reference not to such rates but to some index or method of measuring trends. In our view the answer is that in principle it must be right to use current rates rather than trends. Only so can civil service rates for particular duties respond flexibly to changes outside. The health and vitality of the Service must be affected by its ability to reflect changes in the pattern of remuneration in the outside world. The second question is whether it is the case that outside material on current rates for some, most or all civil service classes, supplemented by internal relativities, must always be so inadequate as to require recourse to the method of using trends. We do not consider that even the available material, still less that which we hope may become available in the future, is so inadequate as to force us to recommend that any great reliance must be placed on trends. For some classes of the Service on the contrary the information now available seems to us to be wholly adequate and we consider that it should be practicable to devise machinery by which the principle of fair comparison as we define it can in fact be applied at sufficient levels in the main classes to enable a

reasonable and defensible wage and salary structure to be maintained with the help of internal relativities. We suggest, however, in Section VIII of this Chapter that in certain circumstances movements in indices such as exist at present or may be devised in future may have a relevance in the settlement of civil service pay.

The special circumstances in which the Royal Commission envisaged that movements in indices might have some relevance were those of times of "unusually marked and rapid rises (or falls) in wages and salaries outside the Service", when a central settlement covering all the lower and middle ranks of the service (rather than a series of sectional settlements) was likely to be the best arrangement, as a rough and ready way of maintaining a fair level of remuneration for the service as a whole (paras. 178 to 185).

11. The Royal Commission thus set as the primary principle of civil service pay "fair comparison with the current remuneration of outside staffs employed on broadly comparable work, taking account of differences in other conditions of service" (para. 96, quoted in para. 8 above). They recognised that this implied a complicated process for determining the pay of a Civil Service class, which fell into two main sets of operations: those of assembling and analysing the factual material upon which comparisons were to be made, and those of applying the results of the first set of operations to the subsequent negotiation of rates of pay. The Royal Commission regarded this distinction between "fact-finding" (which they recognised as in practice involving a significant element of judgment) and "application and negotiation" as critical (paras. 136 and 153). Fact-finding was to be entrusted to a special unit, not directly connected with those divisions of the Treasury responsible for questions of pay and conditions of service. The arrangements should be so made as to ensure "first that fact-finding should be as objective as possible, secondly that for this reason it should be separated from negotiation, and thirdly that it should be a joint activity" (para. 141).

12. The Royal Commission stressed the importance of co-operation between the Official Side and the Staff Side in determining, in consultation with the fact-finding unit, the field of selection of comparisons (para. 145). They considered that the organisations selected should be good employers, and they defined what they meant by "good employer" (para. 146). They thought that, although smaller undertakings could not be ignored, more guidance would be obtained from the larger undertakings whose structure and method of grading jobs approached closer to civil service practice than did those of smaller firms, and added:

Provided the choice is made in such a way as to embrace differing types of industrial and commercial activity, we think that an accurate reflection of conditions throughout the country could be obtained from a study of conditions in a moderate number of large undertakings (para. 147).

13. In an important paragraph, to which reference was frequently made in the evidence given to us, the Royal Commission had this to say about degrees of comparability:

152. It must be recognised that, even with improved organisation, more intensive study of the subject and the use of special techniques, it will not be possible to make satisfactory work comparisons for all classes and grades of the Civil Service. The degree of precision with which comparisons can be made will vary according to the extent to which it is possible to compare

the content of the work performed, the level of responsibility carried and the educational or other qualifications required. Work may be identical ; or very similar ; or it may be broadly comparable in the same way as is that of different civil service grades or classes whose duties vary considerably between Departments ; or the content of the work may not be even broadly comparable but it may be possible to make some comparison of qualities such as skill and initiative and of the type of worker required ; or there may be no basis for any comparison at all. Even where identical, similar or comparable work can be found, it will very often be organised differently inside the Service and outside, so that it will not always be possible to find a close outside analogue for a civil service grade. Again, while in many cases a comparable job will necessarily demand the same qualifications as its counterpart in the Service, this is not always the case. Where the qualifications differ, this may or may not mean that the jobs should not be regarded as precise analogues. Comparability of qualifications tends to be more important in the specialist classes and less important, except for recruitment grades, in the rest of the Service. We indicate in Chapters IX to XIV the extent to which we think that outside comparison can be made for the main classes of the Service. We recognise that for some of these classes, and grades within the classes, and doubtless for some others which we have not regarded as within our terms of reference, the information will always be so scanty and unrepresentative that the criterion of outside comparisons cannot and should not be used except to a very limited extent. In our view comparisons will be fair comparisons only where a reasonable field of comparison can be found.

14. The Royal Commission, in discussing the methods of applying the principle of fair comparison, gave guidance in paragraphs 172 and 173 on determining the relationship of a civil service rate of pay to the rates paid for comparable work outside, as follows :

We consider that the Civil Service should be a good employer in the sense that while it should not be among those who offer the highest rates of remuneration, it should be among those who pay somewhat above the average. Expressing the point in statistical terms we should say that if it were possible to obtain for any specific job a set of rates "representative of the community as a whole" which could be arranged in order from top to bottom, and with no complications such as we have described in this Section, the civil service rate should not be lower than the median but not above the upper quartile.

173. In practice, however, the field of selection will rarely, if ever, be representative of the community as a whole, since we have proposed that it should consist of "good employers". This, so far as it goes, leads us to suggest that the right range within which to make comparisons should be around the median. It will, however, be clear from what we have said in the earlier part of this Section that the process of settling rates is not a simple matter of comparing money rates of pay inside and outside the Service. On the contrary it involves a number of stages. First the outside rates have to be adjusted, rate by rate, to take account of what are quantifiable, if not always precisely quantifiable, factors : rates so quantified we term "true money rates"*. The sort of doubt that may arise at this stage, even when the outside rates appear to take the form of scales of pay on the lines of those found in the Civil Service, is whether the maximum is a maximum in the civil service sense or a maximum reached only by a few members of the staff in the outside organisation (see paragraphs 157-8). Moreover, even if a collection of true money rates can be ascertained, it is still not possible

* *Royal Commission's footnote.*

"True money rates" may have to include adjustments for the actuarial value of the benefits of the superannuation scheme for the group of outside staff concerned if there is a significant difference between the actuarial value of such a scheme and that of the civil service scheme for the grade or class concerned.

to arrive at more than a "provisional" civil service rate until account has been taken of the unquantifiable factors. This involves a general comparison of such factors over the field of outside employers selected and the setting of what we may term an "adjusted" civil service rate, that is a fair rate after allowance has been made for difference in conditions of employment. At this stage there may often be room for doubt and we think that the civil service rate should be given the benefit of any such doubt so that in practice the civil service adjusted rate will tend to lie above rather than below the median of the outside true money rates.

15. In a later section of their Report the Royal Commission discussed the application to the Post Office manipulative grades (which include postmen and postmen higher grade) of the principles they had laid down for the service as a whole. The relevant paragraphs of their Report (the last of which is the paragraph on whose interpretation we are asked to rule) read as follows :

659. The Union of Post Office Workers submitted to us that the work of the manipulative grades was undervalued, in relation both to outside workers and to other grades in the Civil Service. They stated that the Post Office in making outside comparisons selected jobs which could not reasonably be compared with those of the grades concerned, that the choice of those comparisons was determined not by the content of the work but by the rates of pay, and that if the pay of a particular outside job increased, the Post Office abandoned that comparison and looked for another. They contended that as the Post Office was a monopoly the work of most of the main manipulative grades was unique and no close comparison could be made with any outside occupation. They considered however that the value to the community of any worker could be measured by broad comparisons of responsibility, skill, initiative and integrity, and that if the pay of the manipulative grades were examined in the light of these considerations it was very low in relation to that of broad bands of skilled workers in outside industry. As regards the relativity with other classes in the Service, the Union told us that the traditional policy of paying "white collar workers" more than other workers meant that the manipulative grades, who were key workers in the Post Office, were paid less than members of the general service grades whose work was less valuable, and they submitted that the function of the manipulative grades justified a modification of the present relativities in favour of the manipulative grades.

661. Our Post Office witnesses told us that they did not claim to be able to equate all their grades to specific workers in outside industry and that they had no infallible engine which would automatically assess the monetary value of any duty. But they maintained that they were able, through their wages research unit, to establish reasonable broad general comparisons with outside occupations; and they observed that they could not claim generally to have succeeded in obtaining and retaining a sufficient suitable staff for their requirements unless they were able both in fact and in appearance to offer fair wages.

662. In Chapter VIII of their Report the Tomlin Commission explain that in view of the special problems of the Post Office they preferred to recommend the setting up of a special committee to examine those problems rather than to examine them in detail themselves. We find ourselves in a similar difficulty. We consider that the question of rates of pay for the manipulative rank and file is not a matter on which we can make recommendations with the time and resources at our disposal. The class contains a number and variety of grades; the number of staff in these grades is substantial. Their rates of pay have in the past been related to those of outside industrial workers in a way that the rates of what are normally regarded as typical civil service grades have not. Yet there are, for most

of the grades concerned, no direct and clearly acceptable comparisons (industrial or non-industrial) that can be made. Thus there are no outside groups of workers who can readily be seen to be employed on work closely comparable to that of postmen, telegraphists, telephonists or postal and telegraph officers. Moreover the system of incremental scales of pay is not commonly found in the industrial world so that, even if it were possible to establish comparable work, it would by no means follow that such comparability could be simply translated into a comparison of rates: difficulties would also arise in allowing for matters such as superannuation arrangements and security of tenure. It is common knowledge that the position of outside industrial workers in these matters has been improved during and since the second world war but it is not easy to see how far, if at all, such changes should be reflected in manipulative rates of pay. Again, the grades concerned form a closely knit hierarchy and internal relativities, both as a matter of tradition and as a matter of practice, have to be very closely regarded.

663. These and other similar difficulties lead us to conclude that there would be serious risks in our making recommendations for changes in rates of pay. To err on the side of making recommendations that were less than fair to the staffs concerned would be doing an injustice to such staffs. To err in the other direction would involve substantial loss of public money and would be wrong from the view-point of the community in general. We thus refrain from proposing any alterations.

664. It must not however be thought that in refraining from proposing new rates we are thereby endorsing the existing rates and relativities. Nor do we think that the application of fair comparison is impossible. There are a number of affinities between part of the work of most of the grades and work that is done elsewhere. For example, the duties of the postman consist mainly of collection, delivery and sorting. Many outside workers are employed on duties of the same broad type, though we are not aware of any work containing the precise combination that goes to make up the postman's job. But we think that any such comparisons may well have to be supplemented by more general comparison on the lines indicated by the Union of Post Office Workers, namely by looking at the skill, initiative and responsibility required for the work of these grades and for broadly similar tasks outside the Service. While we agree with the Post Office that this sort of comparison is always "a very broad business", we think that every effort should be made, by means of the improved machinery which we recommend in Section VI of Chapter IV, to make it as close as is possible. We trust that in planning its time table the fact-finding unit, whether it be a special Post Office unit or part of a more general organisation, will have in mind the fact that we were not able to make any adequate examination of the effects of applying the principle of fair comparison to the large body of civil servants in these grades.

CHAPTER II

THE APPLICATION OF FAIR COMPARISON: THE EVIDENCE

16. In this chapter we record the main points impressed on us by the evidence which we received from the Union of Post Office Workers, the Treasury and the Post Office. This is not an attempt to provide a summary, in the sense of a comprehensive and chronological account, of all the submissions put to us; it is, as it were, a description of the picture in our minds after we had read and heard all the evidence as it relates to the question referred to us.

17. In their background evidence on the principle of fair comparison and the techniques of applying this principle in the Civil Service the Treasury recorded the main recommendations of the Royal Commission and the subsequent processes of discussion between the Official and Staff Sides of the National Whitley Council which led to the setting up of the Civil Service Pay Research Unit. The resulting agreement of the Council records that the Government entirely accepted the Royal Commission's recommendations on the principles of Civil Service pay and the methods of applying the principle of fair comparison, and that the National Staff Side (of which the Union of Post Office Workers is a member) agreed that fair comparison was a valid and valuable principle in Civil Service pay negotiations, with certain reservations (which were set out in an appendix to the agreement), notably that comparison could be fair only where there was a reasonably wide field of comparisons in which to operate, and that, since it would be almost impossible to find absolute parity of conditions outside, the field of comparison must be flexible not rigid. That appendix recorded the Council's agreement on a number of important general principles as follows:

4. Both sides agreed that the principle of "fair comparison" was not to be interpreted in a rigid and inflexible manner but as a broad guide in negotiations. It was, of course, of first importance that the facts on which "fair comparisons" were to be made should be obtained as widely as possible from both the public and the private sectors of employment and, within those sectors, from good employers.

5. The Council trusted that the adoption and promulgation of new principles would not only satisfy public opinion about the fairness of the Civil Service system of pay regulation but also assist in the settlement of claims and reduce considerably the extent to which at present recourse was had to arbitration.

6. Both sides of the Council recognised that without a genuine desire to reach a reasonable settlement of pay issues by negotiation any principles of pay, however acceptable in theory, could not achieve their aim.

7. Both sides agreed that it was essential that the fact-finding machinery which was an indispensable adjunct to the principle of "fair comparison" should have the confidence of the negotiating parties.

8. The function of the fact-finding unit would be strictly limited to the ascertainment and objective presentation of the facts. When it had established the facts in any comparison, it would then be open to the negotiating parties to consider how far, if at all, it was right to take account of that particular comparison in settling the pay of the Civil Service grade in question.

9. It would be the aim of both sides to proceed by agreement on all matters relating to the system of fact-finding and, given that condition, the right spirit would be created for negotiations which took place with the help of this new machinery.

18. The agreement provided for a fact-finding organisation, known as the Civil Service Pay Research Unit, to be set up, under the general control and direction of the National Whitley Council through a Steering Committee of representatives of both sides of the Council. The terms of reference of the Unit made it clear that the Unit's duties were to establish job comparability and to state the pay and conditions of service attached to jobs regarded as

comparable. The Unit was to limit itself to the description and definition of the similarity or difference in the duties of the grades with which comparison was being made. It was not to attempt to evaluate those differences.

19. The Treasury described to us the way in which the Unit operates. The field of selection of comparisons is normally discussed between the Official Side (the Treasury for general service classes, the Department concerned for departmental classes) and the Staff Side (the staff association or union concerned), and by them with the Unit. This discussion normally results in formal or *de facto* agreement between the parties on the field of selection. The Unit, having inspected jobs inside the service, goes out to survey outside jobs in the agreed field of selection. In its subsequent report to the parties, the Unit first comments on general features of the survey, draws attention to any special problems which have been encountered, and explains the methods by which these problems have been dealt with; then it proceeds in separate chapters to deal with each of the organisations visited. In each chapter the Unit discusses the scope of the survey in the organisation visited and general questions affecting staff, such as grading, training, recruitment, prospects, and methods of settling pay and conditions. It provides full and detailed descriptions of the actual jobs surveyed, an assessment of their comparability with the Civil Service grade, and information about earnings and conditions of service of the jobs regarded as comparable.

20. The subsequent negotiations fall into two stages. In the first stage the parties use the information provided in the surveys to calculate "true money rates" (rates of pay adjusted for such quantifiable factors as superannuation contributions or regular and general bonuses) for each of the comparable jobs. The true money rates are set out in order of amount, and median rates are ascertained (cf. para. 14 above). These calculations, and the negotiations in which the two sides discuss and seek to reconcile their calculations, are primarily of a technical nature; but there may be differences between the two sides both on the adjustments to be made to outside rates in calculating true money rates and on whether the true money rates should be weighted in any way (and if so how) for the purpose of determining the median rate.

21. In the subsequent stage of negotiations the parties have to take account not only of any differences which have not been resolved in the first stage but of differences between the Civil Service grade and the outside analogues which are not or cannot be quantified and taken into account in true money rates: differences in such matters as hours of working, liability to shift working or regular overtime, differences in superannuation benefits, differences in amount of holidays with pay, security of tenure in employment, and differences in the qualities required, such as skill, responsibility and versatility.

22. It became clear to us from the evidence we received on this matter that the establishment of an independent fact-finding unit has, as the Royal Commission and the National Whitley Council foresaw, left a considerable field of problems which cannot be devolved upon the unit if it

is to retain its integrity and independence but must be dealt with in negotiation. The Pay Research Unit's Reports are a foundation but not a substitute for constructive negotiations entered into by both sides reasonably and responsibly, in a spirit of co-operation.

23. It will be remembered that the Royal Commission recognised, in paragraph 152 of their Report (quoted in para. 13 above), that the degree of precision with which comparisons could be made would vary according to the extent to which it was possible to compare the content of the work performed, the level of responsibility carried and the educational or other qualifications required; and that they envisaged a spectrum of comparability, ranging from cases in which there was a close, even exact, resemblance of functions between two jobs (where fairly precise comparisons could be made) to cases where the functions were not comparable but it might be possible to make some comparison of qualities required, such as skill and initiative, and of the type of worker required (where comparisons would be very much less precise). The Treasury reproduced in their evidence to us extracts from annual reports of the Civil Service Pay Research Unit, and agreed that these reports showed that the Unit had come over the years to take a rather narrower view than it had taken at the outset about the feasibility and value of comparisons which were not based at least to some extent on resemblance of functions. This emerges clearly in two paragraphs taken from the Unit's Report for 1961-62:

16. The comparisons sought—though not always found—by the Unit are both limited and precise. From the outset the aim has been to find jobs having the same functions as those of the civil servants under review. Similarity of function, or at least a large common element, was thus the Unit's primary test for a comparison. Naturally, this had to be qualified: the Civil Service has many jobs for which no exact counterparts exist in the outside world; and in assessing the level at which work is done, many other factors have to be taken into account. The Royal Commission suggested that where the common element of function was small, it might none the less be possible to make "some comparisons of qualities such as skill and initiative and of the type of worker required."

17. Earlier reports have expressed the Unit's view that comparisons based on such broad criteria are so general as to offer little useful guidance. This view has been strengthened over the years as the expertise of the Survey Officers has grown. Given similarity of function, these officers make confident judgments about the requirements of a job and the level at which it is done. In the absence of common functions, they move with much less confidence in a subjective world of abstract factors and are reluctant to offer any comparisons at all. We do of course attempt such comparisons if asked to do so but we leave the parties in no doubt about our views as to their validity. On the other hand it should be said that, in a number of cases, jobs which at first sight appeared to have little resemblance to those of civil servants have been found, on analysis, to have functional similarity. Our views on the desirability of making comparisons on a functional basis are incidentally supported by the evidence we have received from those in industry who are faced with similar tasks.

24. This narrowing of view emerged also from a comparison of what the Unit wrote in the first chapter of its report on its first survey of postmen (Survey No. 2, made in 1957, which was virtually the Unit's first survey) and the corresponding chapter of its second survey of postmen (Survey No. 68, made in 1962) on the basis and methods of comparison: the two

relevant passages are set out in an appendix to this report. In answer to our questions the Treasury, the Post Office and the Union of Post Office Workers all said that they accepted the statements in these passages on the limitations and difficulties of the surveys in relation to fair comparison.

25. As the extract from the later survey report shows, and as the Treasury reminded us in oral evidence, functional comparison—comparisons based upon similarity of duties—and factorial comparison—comparisons based upon similarity of the qualities required in the performance of duties—are not sharply divided: there is what we have described as a spectrum of comparability, merging by degrees from that based on close resemblance of functional content, where factorial comparison is in effect subsumed in the functional comparison, to that based entirely on factorial comparison, where no comparison of functional content is possible. The Unit has, it seems to us, come to think that factorial comparisons without some element of functional resemblance are difficult to undertake and so subjective as to be of doubtful value to the parties; but it regards factorial comparison as a useful adjunct to functional comparison where functional resemblance is only partial or relatively distant. It was, we presume, this sort of consideration which lay behind the Unit's decision in 1961 to tell the Post Office and the Union of Post Office Workers that for the second postman's survey it would undertake purely factorial comparisons only if both parties agreed in requesting it to do so.

26. The Union of Post Office Workers pointed out that the Royal Commission had recognised that the application of fair comparison to the Post Office manipulative grades would present special difficulties because there were, for most of the grades concerned, no direct and clearly acceptable comparisons that could be made, and that they thought that such broad functional comparisons as could be made might well have to be supplemented "by more general comparison on the lines indicated by the Union of Post Office Workers, namely by looking at the skill, initiative and responsibility required for the work of these grades and for broadly similar tasks outside the Service" (para. 664).

27. The Union contended that this sentence ought not to be interpreted as a reference to job comparison on a factor basis but was intended to provide that, in the case of the Post Office manipulative grades, job comparisons on the basis of functional resemblance might have to be supplemented by a general comparison between the pay of the Post Office grades and the average earnings (excluding overtime) of broad bands of workers in outside industry, which might cover a variety of skills and responsibilities. This contention was founded on the following arguments:

- (1) If the Royal Commission had intended to refer to job comparisons on a factor basis, they would have referred back to, or repeated the wording used in, paragraph 152, where they envisaged the possibility of comparisons on that basis.
- (2) "The lines indicated by the Union of Post Office Workers" must be taken as referring to the evidence given by the Union to the Royal Commission (Minutes of Evidence, Eleventh Day), in which the Union had argued that it would not be possible to find complete analogues

for the manipulative grades and that some other method of determining the pay of these grades must be found, and had proposed to the Royal Commission that the alternative method should be (to use the words which the Union used in giving evidence to us) to make use of estimated skill, initiative and responsibility to construct "some sort of formula", in order to relate the pay of the Post Office grade to "broad bands" of outside workers. The Union told us that the broad band their representative had in mind at the time was workers in manufacturing industry, the earnings of whom (196/- a week) were referred to, covering skilled, semi-skilled and unskilled workers. The Union explained to us that under this arrangement it would be necessary to decide on the level of skill, initiative and responsibility of postmen, and devise a formula for relating it to the average level of pay in manufacturing industry.

- (3) In this context it was significant that the Royal Commission had said that functional comparisons might well have to be supplemented by more general comparison (not comparisons) on the lines indicated by the Union.

28. The Union thought that the words "broadly similar tasks" in this sentence of paragraph 664 were not intended to bear exactly the same meaning as "comparable jobs" would have done, and could not be taken as showing that the Royal Commission meant to restrict the "more general comparison" which they envisaged for Post Office manipulative grades to job comparisons with some element of functional resemblance.

29. The Union told us that, though they had become aware soon after the Royal Commission reported that they did not see eye to eye with the Post Office on the interpretation of paragraph 664, this had not become an impediment to satisfactory negotiation at the time of the first pay research survey in 1957. Though the coverage of that survey was less comprehensive than that of the second, it had included certain jobs which had little or no functional resemblance to that of postmen but could be, and had been, compared on the basis of factors such as the level of skill, initiative and responsibility required. Moreover the Post Office had been anxious to reach agreement and had been prepared to apply fair comparison reasonably and flexibly.

30. By contrast, in 1962 and 1963, though the Union had suggested the inclusion in the survey for purposes of factorial comparison of certain jobs included in the earlier survey which had little or no functional resemblance to the jobs of postmen, some of these jobs the Unit had decided not to survey unless it was requested to do so by both sides—a condition which was not met—and on others which had been included in the survey it had not provided information about pay and conditions of service on the ground that they were "outside the scope of the survey". The field of selection of comparisons for the survey had been discussed between the Union and the Post Office and subsequently by the parties with the Unit. Following these discussions the Union had acquiesced in the field of selection. They had not sought to oppose the inclusion of any of the areas suggested by the Post Office; and certain areas suggested by the Union had not been included, presumably because the Post Office were not prepared to ask the Unit

to include them. The Union told us that it must not be thought that, because they had acquiesced in the field of selection, they regarded it as adequate or satisfactory.

31. The Union said that, although the survey produced some 90 analogues regarded by the Unit as "broadly comparable" with one or other of the six categories or classes into which the Unit had divided postmen according to the different range of duties performed by each class (see the extract from Survey no. 68 reproduced in the Appendix to this Report), only four of these analogues (three of them from one firm), representing 230 workers, were found for Category B (sorting, delivery and collection) into which about 57 per cent. of postmen fell, and only six analogues, representing 139 workers, were found for Category A (driving, sorting, delivery and collection) into which about another 28 per cent. of postmen fell: in other words, about 85,000 postmen were being compared with 369 outside workers. For the remaining categories, which accounted for only about 15 per cent. of postmen, there were by contrast some 80 analogues.

32. The Union pointed out that the manufacturing firms in the survey had come from only four of the fourteen orders into which manufacturing industry was divided for the purposes of the 1951 Census. They would have had more confidence in the adequacy of the survey if analogues from firms in other industrial orders had been included. Failing that, the true money rates for the comparable jobs from manufacturing industry could have been given a weighting which would have made them representative of manufacturing industry as a whole; but the Post Office had weighted the true money rates of the comparable jobs in manufacturing industry only by the numbers of those employed in the four orders, not by the numbers of those employed in the fourteen orders. Moreover, the Union told us, the Post Office had refused to weight each of the true money rates according to the number of postmen in the category with which the job in question was compared. In the end they had arrived at a median rate 11s. a week lower than the then current maximum of the postmen's scale of pay. In the subsequent negotiations the Post Office considered that, as the median of the true money rates they derived from the survey was so much below the then current level of postmen's pay, there was no point in pursuing a discussion about the value to be attached to the fact that no analogue was found that covered the whole range of duties covered by the grade of postman or to the versatility of the postman. The Union reminded us that the Pay Research Unit had itself drawn attention to problems of weighting and versatility in paragraph 22 of the first chapter of Survey no. 68 (the 1962 survey for postmen), which read:

22. We are conscious however that the relation of comparisons to job categories poses special problems for the parties. The individual comparisons do not take into account the versatility expected of Postmen some of whom, unlike their analogues, may be called upon to perform a job in any category. The parties are doubtless in a position to assess the extent to which this is a real commitment. There is, however, the related question of determining the weight which should be given to the analogues in each category. We did not seek to establish the numbers of Postmen falling in each category although on the basis of our study it appeared that the majority would fall into category B with categories A, C, D, F and E

following in that order ; the last named representing a small specialised group numbered only in hundreds. Nor would precise information on this point have any influence on the course of the survey. The sole purpose of categorisation was to provide a practical basis on which to conduct the survey. Any evaluation of the relative weight to be given to comparisons in particular categories we must leave to the parties.

33. The Union's representatives indicated that their constituents could not regard as fair the result of the application of the principle of fair comparison to postmen in this manner, when they compared the movement of their earnings in recent years with the movement of earnings in manufacturing industry. Nor could they believe that the recommendation of the Royal Commission in paragraph 664 as to the possible need in the case of postmen (and other manipulative grades) to supplement functional comparisons with more general comparison based on skill, initiative and responsibility was being fulfilled, when not only were factorial comparisons not admitted but the Post Office also refused to accept the type of "broad band" comparison which the Union believed the Royal Commission to have had in mind in paragraph 664. It was because the Union considered that the Civil Service Arbitration Tribunal, which does not normally give reasons for its awards, could not satisfactorily resolve this difference of interpretation that they had thought it necessary to ask for a committee of inquiry to determine how paragraph 664 should be interpreted.

34. The Post Office made clear to us that they could not accept that in paragraph 664 the Royal Commission had in mind the type of "broad band" comparison which the Union suggested. They pointed out that the Royal Commission thought it desirable that there should be one set of principles of pay for the whole of the non-industrial Civil Service (para. 87). The Royal Commission did not think that the application of fair comparison to postmen (and other Post Office manipulative grades) was impossible, though they recognised that for various reasons it would be more difficult than for many other Civil Service classes. The Post Office did not think that the record of evidence before the Royal Commission established that the Union had definitely proposed comparison of postmen's pay with the average earnings of a broad band of skilled, semi-skilled and unskilled workers in manufacturing industry as a method of determining postmen's pay (though the Union may have had a comparison of this kind in mind as a yardstick for judging the fairness of the end-product of negotiations on postmen's pay); nor did they consider that such a "broad band" comparison could be what the Royal Commission meant by "more general comparison . . . by looking at the skill, initiative and responsibility required for the work of these grades and for broadly similar tasks outside the Service". Furthermore they considered the Union's concept as in direct contradiction to the views expressed by the Royal Commission in paragraphs 131 and 132 of their Report (see para. 10 above).

35. The Post Office took the view that the Royal Commission's intention in paragraph 664 was to envisage the possibility that in applying fair comparison to the manipulative grades it might be necessary to go rather further (though not all the way) along the spectrum of comparability than

in applying fair comparison to other classes and grades ; that some element of functional resemblance is a *sine qua non* of fair comparison, and that (in the words of the Post Office in evidence to us):

comparisons should so far as possible be with closely similar work, and, if there are not sufficient comparisons with closely similar work, then it may be necessary to resort to comparisons with work only broadly similar.

36. The Post Office took the view that the 1962 survey, which (as the Unit's report made clear) contained as analogues a number of jobs which bore little perceptible resemblance to that of postmen but involved functions of a similar kind, had in effect fulfilled the intention of paragraph 664 as they interpreted it. They thought that "it would have been nice to have had more" analogues in the 1962 survey: in any sampling exercise the bigger the sample the better; and in future surveys they would be happy to take into account any job which was similar to that of a postman, wherever the Unit might find it. But in their view and in that of the Treasury the 1962 survey was adequately representative, based as it was on some 90 broadly comparable analogues in two public boards, four financial organisations, one betting organisation, fifteen firms in distribution and ten in manufacturing industry. It was relevant in this context that the postal service was essentially one of transport and distribution.

37. The Post Office did not accept the view that the survey was inadequate because there were only four analogues for postmen in Category B, which accounted for over half the total number of postmen. They said that the duties in the various categories overlapped to some extent; and that all the duties were duties of the same grade, so that it was reasonable to suppose that all the categories were broadly of similar value. The Post Office were not in the least opposed in principle to weighting the true money rates according to the number of postmen employed in the corresponding categories; they had not done so on the occasion of the last survey only because it was clear that this form of weighting would not substantially affect the median rate. To see exactly what effect such weighting would have had upon the median they had since reworked their table of true money rates accordingly: the effect was to raise the median by threepence, from 219s. 6d. to 219s. 9d. a week.

38. The Post Office saw no justification for weighting the true money rates of the jobs surveyed in manufacturing industry by the total numbers of those types of worker employed in the whole of manufacturing industry rather than the numbers employed in the four industrial orders into which the firms actually visited fell. To do so would be in effect to assume that the distribution of rates for this type of work in the manufacturing orders not covered by the survey was exactly the same as the distribution of rates for the same type of work in the manufacturing orders that were covered by the survey. That was not an assumption that could justifiably be made; and it would in any case be wrong to weight the true money rates of the jobs in manufacturing industry in the way suggested without carrying out the corresponding operation on the true money rates of jobs in non-manufacturing industries and services.

39. Though the Post Office maintained their view that weighting the true money rates for the jobs surveyed in manufacturing industry in the manner suggested by the Union would not have been justifiable, they had recently, as a matter of interest, reworked their table of true money rates to see what would have been the effect on the median rate of adopting the Union's suggestion. It would have raised the median rate by ninepence. If the Union's suggestions on weighting had both been adopted, the median rate would still have been 10s. a week less than the then current maximum of the postman's scale.

40. So far as versatility was concerned, the Post Office thought that the versatility of a postman was a little greater than the average versatility of the workers covered by the table of true money rates (some of whom had of course a versatility of their own), and agreed that this was a consideration to be taken into account in negotiations on pay; but in 1963 the Post Office considered that the value to be put on the postmen's margin of versatility did not make up the gap between the median rate and the actual current level of pay.

CHAPTER III

OUR RULING UPON THE INTERPRETATION OF PARAGRAPH 664

41. Our terms of reference require us to rule upon the interpretation of paragraph 664 of the Royal Commission's Report in so far as it relates to the pay of postmen. In stating our conclusions it would be tedious to repeat at every point the limitation that they relate only to the pay of postmen. It must however be understood that, in accordance with our terms of reference, we have considered the interpretation of paragraph 664 only in so far as it relates to the pay of postmen, and our conclusions and comments in this and the following chapters of our report therefore relate only to the pay of postmen.

42. We think that paragraph 664 must be read in the context not only of the paragraphs that immediately precede it but of the whole Report of which it and they are part. We are in no doubt how it should be interpreted, being so read.

43. We are satisfied that the Royal Commission meant their principles of pay to run for the whole of the non-industrial civil service, including postmen. We are satisfied that the Royal Commission thought that the principle of fair comparison, and the method which they recommended for applying that principle, could and should be applied to postmen. They recognised that there were no direct and clearly acceptable comparisons for postmen. They saw that, so far as functional resemblance was concerned, fair comparison would have to be based on comparisons between one or more parts of the work done by the grade of postmen and outside jobs involving work which was comparable with that part or parts of the postmen's work, rather than on comparisons between the whole duties of the

postmen's grade and outside jobs involving a comparable range of duties. They saw that these partial functional job comparisons might well have to be supplemented.

44. They said that such comparisons might well have to be supplemented by "more general comparison on the lines indicated by the Union of Post Office Workers, namely by looking at the skill, initiative and responsibility required for the work of these grades and for broadly similar tasks outside the Service". We believe that the keys to the understanding of this sentence are to be found elsewhere in the Report, particularly in paragraphs 659 (quoted in paragraph 15 above) and 152 (quoted in paragraph 13 above).

45. We do not read any special significance into the use in paragraph 664 of "more general comparison" in the singular. In paragraph 769(91), where the Royal Commission summarised paragraphs 662-664, they wrote:

The application of the principle of fair comparison to the manipulative rank and file grades is not impossible though detailed comparisons may have to be supplemented by more general comparisons related to factors such as skill, initiative and responsibility.

We take "detailed comparisons" here to refer back to what is said in paragraph 664, namely:

There are a number of affinities between part of the work of most of the grades and work that is done elsewhere. For example, the duties of the postman consist mainly of collection, delivery and sorting. Many outside workers are employed on duties of the same broad type, though we are not aware of any work containing the precise combination that goes to make up the postman's job.

46. To understand the significance which the Royal Commission attached to "on the lines indicated by the Union of Post Office Workers" we think that it is necessary to look in the first place at the Royal Commission's own account, in their Report, of the Union's evidence to them. We take the Royal Commission to have intended by these words in paragraph 664 a reference back to the first half of the sentence in paragraph 659 which reads:

They (sc. the Union) considered however that the value to the community of any worker could be measured by broad comparisons of responsibility, skill, initiative and integrity, and that if the pay of the manipulative grades were examined in the light of these considerations it was very low in relation to that of broad bands of skilled workers outside industry.

We think that this view is consistent with the evidence submitted by the Union to the Royal Commission. Throughout their evidence the Union's main theme was that the criterion for comparing the Post Office manipulative grades with outside workers should be, not rates of pay, but value to the employer and to the community as measured by degrees of skill, initiative, responsibility and integrity required (in default of functional comparisons, which the Union thought not to be possible for the manipulative grades). Though at one point of his oral evidence the Union's spokesman envisaged the possibility of measuring the degrees of skill, initiative and responsibility required of a Post Office manipulative grade against broad bands of workers

outside exercising the same degrees of those qualities (which would not be the same broad band as that now proposed by the Union to us), it is clear that he was ready to agree that job comparisons were acceptable provided that they were made on the basis of the type of work performed and the qualities necessary to do that work, and not on the basis of rates of pay.

47. We think that the Royal Commission took from the Union's evidence the idea of comparisons based on skill, initiative and responsibility but not the idea of comparisons with "broad bands" of outside workers. We think that the Royal Commission's gloss in paragraph 664:

namely by looking at the skill, initiative and responsibility required for the work of these grades and for broadly similar tasks outside the Service and their thought that the "more general comparison" would be undertaken by the fact-finding unit make it clear that they had job comparisons rather than "broad band" comparisons in mind.

48. We are confirmed in our view when we read paragraph 664 in the context of the Royal Commission's Report as a whole. For them to have recommended "broad band" comparisons at this one point would have been in conflict with their insistence that fair comparison should be with outside staffs employed on comparable work, with their emphasis on job comparisons and their proposals for an independent unit to undertake those comparisons (to which specific reference is again made in paragraph 664), and with their distrust, voiced in paragraphs 131 and 132 (quoted in paragraph 10 above), of any method of comparison which relied on indices or other methods of measuring trends, or on what had happened in a group differently constituted from the group whose pay was in question, or on averages per head. Any suggestion that the pay of a particular class or grade in the Civil Service should be tied to Ministry of Labour figures of average earnings or to any general wages index would be wholly contrary to the Royal Commission's expressed principles.

49. On the other hand the Post Office's interpretation of paragraph 664 (see paragraph 35 above) has in our view been too narrow. We do not think that, in using the words "broadly similar tasks", the Royal Commission meant to limit the field to comparisons with a significant element of functional resemblance or to exclude comparisons based very largely or entirely on comparisons of factors such as skill, initiative and responsibility. In our view paragraph 152 (quoted in para. 13 above) envisages a continuous spectrum of comparability, ranging from close or even exact functional resemblance to instances where "the content of the work may not be even broadly comparable but it may be possible to make some comparison of qualities such as skill and initiative and of the type of worker required". We think that "broadly similar tasks" in paragraph 664 was not meant to exclude any part of this spectrum, but simply to make the point that there must be some basis for comparison of qualities, in that the two tasks being compared must in fact call for the same sorts of qualities. To take an extreme instance, it would clearly be impossible to make a comparison, even on the basis of qualities required, between a postman and a steelworker or a face worker in the coal industry. To identify jobs where a comparison of qualities can reasonably be expected to be feasible is a task not for us but for the parties, in consultation with

the Pay Research Unit, and we do not propose to prejudice their discussions by offering uninformed suggestions. But we do not doubt that there are jobs which have little or no functional resemblance to the job of the postman but still demand similar qualities to those which the postman exercises in discharging his functions.

CHAPTER IV

COMMENTS ON THE APPLICATION OF FAIR COMPARISON TO POSTMEN

50. Having thus ruled on the interpretation of paragraph 664 of the Royal Commission's Report in so far as it relates to the pay of postmen, we have strictly speaking discharged the task assigned to us. But it is now nearly nine years since the Royal Commission reported, and we think it right to add some comments on the bearing that later experience has upon the application to postmen of fair comparison in the manner which in our view the Royal Commission intended.

51. It seems to us that experience has confirmed both the Royal Commission's belief that the application of fair comparison to postmen was possible and their expectation that it would present special problems as compared with the application of fair comparison to many other Civil Service classes and grades. We are satisfied, on the basis of the evidence submitted to us, that the Royal Commission's principle of fair comparison and their method of applying that principle can be employed in determining the pay of postmen and can be a basis for settlements which can be accepted by all concerned as fair and reasonable: it is significant that the Pay Research Unit's second survey in 1962 produced 139 analogues for postmen, some 90 of which were broadly comparable with one or other category of postmen on the basis defined by the Unit (see the extract from their report on the 1962-63 survey quoted in the Appendix). But both for the Pay Research Unit and for the parties special difficulties arise in applying the principle of fair comparison to postmen.

52. We were impressed by the thoroughness of the Unit's methods and working, as displayed in this survey, and by the growing sophistication of technique revealed by comparison of the second postmen's survey with the first. We were also impressed by the fact that, despite the Unit's growing expertise, its officers have resolutely and in our view rightly resisted the temptation to stray beyond the confines of fact-finding into the area which properly belongs to negotiation between the parties. We entirely share the Royal Commission's views (cf. paragraph 153 of their Report) on the importance of the fact-finding unit confining itself to the complete, objective and unglossed presentation of information and the statement of its assessment of comparability.

53. It seems clear, however, from the Pay Research Unit's Annual Reports, and from the introductory chapter to the second survey for postmen, that the Unit has found it more difficult than the Royal Commission expected

to make purely factorial comparisons without at least some element of functional resemblance, and has come to have less confidence than the Royal Commission had in the value of such comparisons as a basis for negotiations on the pay of Civil Service classes and grades. We can understand that comparisons between one job and another become less precise and more difficult to make with confidence and that they require a larger degree of subjective judgment as the functional resemblance of the jobs to each other decreases. But, as we make clear in paragraph 57 below, our view is that, so far as postmen are concerned, comparisons with a significant element of functional resemblance to one part or another of the duties of postmen need to be supplemented by factorial comparisons with little or no functional resemblance. We believe that such comparisons can be made, and we have confidence in the Unit's ability to develop techniques that will enable it to make such comparisons in a form and manner which will command the confidence of and make them of value to the negotiators.

54. Functional comparisons will remain a primary element in the application of fair comparison to postmen as to other grades, and it clearly matters that the field of selection of comparisons should be as comprehensive as possible, if the application of fair comparison to postmen is to be seen to be, as well as to be, fair. Moreover, since the range of duties of the grade of postmen has to be broken up into several categories for the purpose of functional comparison, it also seems to us to be important that there should be a reasonable number and spread of analogues for each category.

55. The Post Office suggested that, since the postal service is essentially a business of transport and distribution, it was not unreasonable that firms in the distributive trades should predominate in the field of selection of comparisons for the 1962-63 survey. Our view on this is that what matters for this purpose is not the primary activity of the firm in which a worker is employed but whether his functions resemble those of the postman. Many firms in manufacturing industry must in fact employ men upon processes or duties which bear some resemblance to some at least of the duties of a postman. We were struck by the fact that in the 1962-63 survey three out of the four analogues for postmen in category B, which is by far the largest of the categories, were found in a single firm in manufacturing industry. This suggests that it would be profitable to extend the field of selection of comparisons in manufacturing industry. We were glad to note that such an extension would be acceptable to the Treasury, the Post Office and the Union.

56. The process of negotiation for a "fair comparison" review starts with the discussions on the field of selection of comparisons. There is an obligation on both parties to enter into these discussions with a will to co-operate and with minds directed to one single question: where are we likely to find people who do comparable jobs (or are required to exercise comparable qualities) with those of postmen? It may be necessary for practical reasons, in order to avoid too lengthy a survey or too great a strain on the Unit's resources, to set limits to the field of selection; but, as soon as either side begins to make its own proposals or to block the other side's proposals with one eye upon the ultimate effects on the Civil

Service rate of pay, the principle of fair comparison is being breached and its proper application frustrated. At this stage, as at others, the Unit's role is that of a technical adviser and supplier of information; the ultimate responsibility for decisions lies with the parties, and they must not seek to transfer to the Unit the onus of decisions which are for them to take. As always in negotiation, a responsible approach and the will to agree, as well as a spirit of give and take, are necessary at this stage; and the parties are only creating the risk of trouble for themselves later if they fail to seek the widest possible measure of positive agreement on the field of selection, both for functional and for factorial comparisons.

57. Given that functional comparisons, however numerous, are likely to continue all to be partial (in that the analogues are comparable with only part of the duties of the postmen), we think that factorial comparisons will continue to be of value as a supplement to functional comparisons for those who have to negotiate the application of fair comparison to postmen. There will however be questions for the parties to settle about how factorial comparisons are to be used in negotiation: for instance, whether the true money rates for the purely factorial comparisons are to be combined with those for the functional comparisons, or whether the true money rates for the purely factorial comparisons are to be kept separate from those for functional comparisons and, if so, how they are to be brought to bear upon the negotiation of postmen's pay.

58. The Royal Commission made clear in paragraph 173 of their Report (quoted in para. 14 above) that the process of settling Civil Service rates of pay is not simply a matter of comparing rates of pay inside the service with true money rates for comparable work outside. Establishing true money rates and extracting the median rate is an essential first stage, but it is only a first stage. It is unlikely ever to be the end of the story, and in the case of the postmen there are, it seems to us, reasons for treating the median rate with reserve, so long as it is a median of rates all or most of which remunerate jobs which are functionally comparable with only part of the duties of the grade of postmen. The need for caution in the use of the median will be still greater if some of the true money rates from which it is derived remunerate jobs which are comparable with the duties of the postmen mainly or solely on a factorial rather than a functional basis.

59. In the evidence submitted to us our attention has been drawn to many other problems and questions that arise in negotiations on postmen's pay: whether the true money rates should be weighted according to the numbers of postmen in the categories to which they correspond; whether the true money rates should be weighted according to the numbers of comparable workers employed in the firms surveyed, or in the industrial orders in which they belong; what allowances should be made for differences between postmen and their analogues in conditions of service, such as hours, leave, times of working, superannuation and security of tenure, or in the versatility expected of them and the special responsibility laid upon them as carriers of Her Majesty's mails; and the manner in which the pay of postmen higher grade is determined by internal relativity with the pay of postmen. It is no part of our task to make recommendations or give guidance on these or any other of the matters to which we have referred

as being part of the business of the negotiators, and nothing that we have written is intended to fetter their discretion or prejudice their discussions. We can only draw attention to these matters and leave them to the good sense and good will of those who have to deal with them.

CHAPTER V

CONCLUSION

60. This is not the kind of report which lends itself to a neat summary of recommendations; nor indeed are any of our conclusions or opinions described as recommendations. We have set out in Chapter I the framework laid down by the Royal Commission, within which we have been working. We have recorded in Chapter II our impression of the evidence that we have received. In Chapter III we have ruled upon the interpretation of paragraph 664 of the Royal Commission's Report in so far as it relates to postmen, and we do not propose to try to summarise that ruling here. In Chapter IV we have added some comments which arise from the interpretation of paragraph 664 and the evidence we have received.

61. If we are to record our general conclusions in a few words, they are as follows:

- (1) The principle of fair comparison and the method of applying it recommended by the Royal Commission for the Civil Service as a whole were intended by the Royal Commission to be, can be and should continue to be applied to postmen.
- (2) Functional comparisons—comparisons based upon similarity of duties—for postmen are available, at least for the different categories into which the Civil Service Pay Research Unit have divided the duties of the grade of postman for the purpose of conducting a pay research survey, and there is reason to suppose that the number and spread of functional comparisons for each category can be enlarged by widening the field of selection, particularly in manufacturing industry.
- (3) Factorial comparisons—comparisons based upon similarity of qualities required in the performance of duties—will no doubt continue to constitute an important element in the comparisons which are based primarily on functional resemblance, but in the application of the principle of fair comparison to postmen there will also be a place for purely factorial comparisons, with little or no basis of functional comparability, to supplement the functional comparisons. The formulation and the use in negotiations of purely factorial comparisons may require the development of new techniques both by the Unit and by the parties.
- (4) The determination of pay according to the principle of fair comparison can never be reduced simply to the automatic application of formulae and statistical procedures, but depends upon constructive and responsible negotiation. The special complications of applying

the principle of fair comparison to postmen are of a kind that can be resolved only in negotiation, and therefore enhance the need for good sense and good will in the negotiators. If that need is not met, no principle or system of fair comparison, however good in itself (and we think that the Civil Service system is good), has much chance of working properly.

62. If there is one theme that runs through the whole of our report, it is that of the responsibilities and obligations which the application of the principle of fair comparison to postmen lays upon those who negotiate on the pay of postmen. It was clear from the course of events leading up to our appointment, and it has become still clearer to us in taking evidence, that relations between the Post Office and the Union of Post Office Workers are at present marred by the difficulties that led to our appointment. This cannot be good either for the Post Office or for the postmen or for the community which they jointly serve. We appreciate that our interpretation of paragraph 664 can be brought into full effect only in relation to the next pay research survey, but we hope that the Post Office and the Union will be able to resume negotiations forthwith in the light of our report and settle the present dispute.

63. We wish to express our warmest thanks for the most efficient and willing help given by our Secretaries, Mr. R. T. Armstrong and Mr. D. Pearman. Their skill, patience and hard work have facilitated the production of our report, and the speed with which they have met all our demands and their readiness to work all hours have greatly impressed us.

A. LL. ARMITAGE, *Chairman*

A. J. M. CRICHTON

VICTOR FEATHER

WILLIS JACKSON

WOOTTON OF ABINGER

R. T. ARMSTRONG } *Secretaries*
D. PEARMAN }

11th June, 1964.

APPENDIX

EXTRACTS FROM PAY RESEARCH UNIT SURVEYS NO. 2 AND NO. 68

I. Extract from Survey No. 2 (1957), Chapter I

7. We do not propose in this report to analyse or describe the duties of postmen, but we draw attention to the difficulties in making comparative studies which arise from the somewhat mixed nature of postmen's work. Broadly, it falls into two main parts—delivery work and sorting work, the latter including both outward primary and inward sorting. In addition there is other work including particularly facing, cancellation, portering, collecting and driving. Many of these tasks, including the main tasks of sorting and delivering, are performed in sequence as part of a normal day's duty for a postman.

8. Rural postmen have further responsibilities for collecting and accepting mail from the Public and selling stamps and postal orders but do not carry out much sorting office work, and as they represent a small minority of all postmen we have not included them in the comparisons we have drawn in this report.

Methods of comparison

9. Even with this simplification, however, we have been left with duties comprising a wide variety of tasks and, as might be expected, we have not found any very clear reflection of these duties taken as a whole. Perhaps the nearest comparison, because of its mixture of tasks and duties which include delivering, portering and a limited amount of sorting work, is the job of bank messengers, although bank messengers also carry out a considerable number of other duties most of which are not performed by postmen. In a number of occupations, however, we have found workers engaged continuously on tasks which compare more or less closely only with particular tasks performed by postmen—mainly delivery work.

10. This particular enquiry thus raises sharply an important general issue about the principles governing the making of fair comparisons. We have assumed that the first principle is to compare jobs which have a directly perceptible resemblance to each other, especially those which are functionally similar. Comparison of the work of Architects inside the Service would, for example, be made with the work of Architects outside the Service. Where the actual work performed is similar in content it is simpler to compare job requirements since many items may be found to be similar on both sides of the equation.

11. It is, however, possible to make comparisons between jobs where the actual tasks performed bear little or no resemblance to each other by basing comparison entirely on essential job requirements or key factors. Whilst such comparisons can help in assessing the relative weight and importance of different jobs they cannot have the same clarity and conviction which comparison of directly similar jobs carries, particularly when there is no agreement on the weight to be accorded to different factors.

12. It is commonly the case that jobs outside the Service compare directly with only part of the work done by the Service grade. With the Postal and Telegraph Officer we often compared outside jobs with counter or with writing work but not with the grade as a whole. With Postmen the dilemma becomes even more acute because of the variety of tasks comprised in a single day's work. It can be argued that any attempt to separate the different tasks for the purposes of comparison gives an artificial result. On the other hand, it is clear that comparison with the Postman's job as a whole would have to depend very heavily on abstract factor comparison having regard to the obvious difference in nature between, for instance, outward primary sorting and milk delivery. Where a clear direct comparison with a part of the Postman's duties can be

made the further deductions about its significance can be drawn by negotiators familiar with the relative importance of the different items of the Postman's job.

13. We have, therefore, for the most part, related our comparisons to those tasks where direct comparison was possible. But in some cases further steps towards a comparison with the Postman's job as a whole can be taken, and we have pointed the way as far as seems appropriate. In the case of Bank Messengers we have made a direct comparison between the job as a whole and the Postman's job as a whole.

14. In some fields of comparison, i.e. Bus Conductors and Police, however, we have found little in the way of basically similar tasks, and in order to attempt to say anything useful at all about comparability we have been driven to speak almost entirely in terms of abstract factor comparison. We think that this language does enable some quite broad conclusions to be drawn, as indicated in the appropriate chapters, but we regard it as largely experimental.

II. *Extract from Survey No. 68 (1962), Chapter I*

11. At the preliminary planning meetings our discussions with the parties touched frequently on the basis of comparison appropriate to this survey. A view shared by all was that there were probably very few jobs identical to those of Postmen and that such jobs would certainly not be found organised on a scale in any way commensurate with that of the G.P.O. postal services. The Unit would therefore, inevitably, be faced with the task of establishing comparisons between jobs containing obvious and possibly significant dissimilar features. In such circumstances it was important to settle the basis of comparison to be used. After much discussion the parties agreed to using similarity of function as the basis of comparison. Because of its importance we think it might be helpful to recapitulate the argument in favour of this choice.

12. There are, broadly speaking, three groups into which jobs may be classed for the purpose of comparison, viz.,

- (1) jobs which bear a direct and perceptible resemblance to the Service grade in which the functions, duties and responsibilities are similar;
- (2) jobs which bear little perceptible resemblance to the Service grade but which involve functions of a similar kind although the duties and responsibilities may wholly or partly be of a different kind;
- (3) jobs which bear no perceptible resemblance to the Service grade and have no functional similarity.

13. Jobs in group (1) present no difficulties in comparison. Jobs in group (3) can only be compared if resort is had to a system of analytical job evaluation based on abstract job factors—often referred to as factor comparison. To some extent an evaluation of abstract job factors enters into job comparison in group (2) and to a lesser extent in group (1).

14. The essential requirements of a job, although they may be classified differently depending on the class or type of job being compared, may be grouped conveniently under four headings, viz.,

Mental Requirements	...	knowledge, both basic and acquired, mental skills, etc.,
Physical Requirements	...	physical skills (manual dexterity, craft skills), physical demands, etc.,
Responsibility Requirements...		responsibility for people, material (i.e. safe custody, etc.), safety, etc., decision, degree of supervision received or exercised, etc.,
Working Conditions	working environment, hours, exposure to risk, etc.

15. By evaluation of these requirements it would be theoretically possible to compare jobs as different from each other as chalk is from cheese. The factor comparison method relies fundamentally on a subjective evaluation not only of the individual job requirements but of the relative weight they must bear to each other. Such evaluations lead to comparisons which, in the Unit's experience, cannot be offered with confidence, which lack conviction and which lend themselves to challenge, by one or other of the parties. For these reasons evaluation of job factors as the sole basis of comparison is in the Unit's view to be avoided unless there is no possible alternative.

16. On the other hand most of these difficulties do not arise or are less significant when the basis of comparison is similarity of function. It is not necessary for the job as a whole to appear similar; it is the similarity of component functions that matters. Given functional similarity, abstract job factors can be taken into account to assess the comparative weight attaching to the similar functions and the effect of any dissimilar elements in the job.

17. Accordingly we have proceeded on this basis and implicit in this approach is the rejection for comparison purposes of any jobs falling in group (3) mentioned above. We have of course borne in mind, as the survey proceeded, the possible need to resort to factor comparison if we were unable to find jobs in sufficient numbers in groups (1) and (2) but in the event this proved unnecessary.

THE METHOD OF COMPARISON

18. Before embarking on the external surveys we first considered whether it would be practicable to attempt comparison with the grade as a whole. The internal survey clearly indicated that the grade is not homogeneous and that the very diversity of tasks which the grade, as distinct from an individual Postman, is actually required to perform, itself makes grade comparisons very difficult. Moreover since the prospect of finding jobs outside which reasonably reflected this diversity was at best remote, grade comparisons would inevitably lack precision and assurance.

19. On the other hand the internal survey also made it apparent that the work of the grade as a whole could conveniently be divided into recognisable job categories which represented the work performed by substantial numbers of Postmen either as a fixed duty or on a duty rotation. This approach not only simplified the problem of identifying jobs suitable for comparison but enabled the comparison to be drawn with greater precision than would otherwise have been possible.

Division of the Grade into Job Categories

20. The categories into which we divided the work of the grade are shown briefly below but a description of the main duties included is shown in Appendix I to this Chapter.

Category A Driving, sorting, delivery and collection.

Category B Sorting, delivery and collection.

Category C Sorting.

Category D Delivery, collection, minor sorting and segregating.

Category E Parcel opening and re-packing for Customs examination.

Category F Segregating and Portering.

21. The parties will no doubt readily recognise the above categories and also note that certain duties have been omitted. We do not consider that these omissions could have a significant effect on the outcome of the survey. The number of Postmen whose duties are not covered by the categorisation is not a significant proportion of the total in the grade.

22. We are conscious however that the relation of comparisons to job categories poses special problems for the parties. The individual comparisons do not take into account the versatility expected of Postmen some of whom, unlike

their analogues, may be called upon to perform a job in any category. The parties are doubtless in a position to assess the extent to which this is a real commitment. There is, however, the related question of determining the weight which should be given to the analogues in each category. We did not seek to establish the numbers of Postmen falling in each category although on the basis of our study it appeared that the majority would fall into category B with categories A, C, D, F and E following in that order; the last named representing a small specialised group numbered only in hundreds. Nor would precise information on this point have any influence on the course of the survey. The sole purpose of categorisation was to provide a practical basis on which to conduct the survey. Any evaluation of the relative weight to be given to comparisons in particular categories we must leave to the parties.